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IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
FRESNO DIVISION

In re

Murray Neal,

Debtor.

861 E. Brighton Ln.  
Fresno, CA 93720

CASE NO. 10-12372-A-11

Chapter 11

FINDINGS OF FACT, CONCLUSIONS OF LAW

The matter having come before the Court on September 21, 2010, for hearing on the Motion for Relief from the Automatic Stay, filed by creditor Deryk Haole ("Haole"), and the court having heard testimony, reviewed the pertinent documentary evidence and considered the pleadings of counsel, now makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. Debtor Pinnacle Armor, Inc. ("Pinnacle") filed a voluntary petition under chapter 11 of the United States Bankruptcy Code on January 3, 2010.

2. Debtor Murray Neal ("Neal") filed a voluntary petition under chapter 11 of the

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October 04, 2010

CLERK, U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
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FINDINGS OF FACT, CONCLUSIONS

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1\Findings.Concl.Order.10.1.10.docx

1 United States Bankruptcy Code on March 8, 2010.

2 3. Haole is a secured creditor of Neal.

3 4. Haole is an unsecured creditor of Pinnacle.

4 5. Haole is the the beneficial holder of a "Promissory Note" made in June 2008 by  
5 Pinnacle and Neal in the principal amount of \$172,500.00.

6 6. The Promissory Note is secured by a United States Patent No.: US 6,703,104 B1,  
7 dated March 9, 2004 ("Patent").

8 7. Neal is the owner/inventor of the Patent.

9 8. A UCC-1 Financing Statement was filed with the California Secretary of State  
10 identifying Haole as the secured party, Neal as the debtor, and the Patent as the collateral.

11 9. Pinnacle represents it is a licensee of the Patent, but no copy of such license has been  
12 submitted to the Court.

13 10. The Promissory Note became due and payable in June 2009.

14 11. No amounts have been paid on the Promissory Note from the time it matured.

15 12. The total amount due under the Promissory Note, including principal and interest, is  
16 more than \$200,000.

17 13. In November 2009, Haole filed a proceeding in the California state court, *Haole v.*  
18 *Pinnacle Armor, Inc., et al.* ("State Court Action"), alleging breach of the Promissory Note and  
19 seeking an order of judicial foreclosure on the Patent.

20 14. Neal's default was entered in the State Court Action, including a default as to Neal's  
21 alter ego liability for Pinnacle.

22 15. Pinnacle was dismissed from the State Court Action.

23 16. To the extent any of the above findings of fact are determined to be conclusions of  
24 law, the same are incorporated by reference as though fully set forth as findings of fact.

## 25 I. CONCLUSIONS OF LAW

26 1. This court has jurisdiction of this matter pursuant to 28 U.S.C. § 157 and 1334.

27 2. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

28 3. The Motion for Relief from the Automatic Stay is pursuant to 11 U.S.C. § 362(d)(1).

1 4. The value of the Patent is unclear as no credible evidence has been submitted to the  
2 Court as to the Patent's value.

3 5. It is unclear whether there is any prospect of effective reorganization in either the  
4 Pinnacle bankruptcy case or the Neal bankruptcy case. There is no evidence of a credible  
5 reorganization.

6 6. Neither Pinnacle nor Neal have met their respective burdens to establish relief from  
7 stay is not warranted.

8 7. There is "cause" for relief from the automatic stay.

9 8. Haole's claim as against Pinnacle is liquidated, and no defenses to Haole's claim have  
10 been submitted to the Court.

11 9. Relief from the automatic stay is granted in the Pinnacle bankruptcy case.

12 10. Relief from the automatic stay is granted in the Neal bankruptcy case.

13 11. To the extent any of the above conclusions of law are determined to be findings of  
14 fact, the same are incorporated by reference as though fully set forth as conclusions of law.

15 **CONCLUSION**

16 A separate order granting relief from the automatic stay will be entered herein.

Dated:

Oct 06, 2010

  
United States Bankruptcy Judge